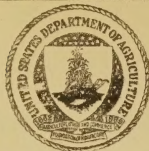
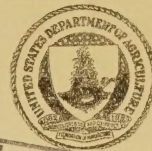


INFORMATION FOR THE PRESS

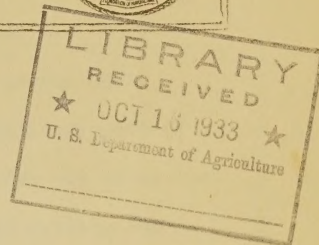


U. S. DEPARTMENT OF AGRICULTURE
OFFICE OF INFORMATION
PRESS SERVICE



WASHINGTON, D. C.

Release After Press Conference
5 P.M. Friday, September 22



COTTON REDUCTION PLAN FOR
NEXT YEAR ANNOUNCED IN DETAIL

1.94
C82Cot

The plan for cotton producers of the South to limit cotton acreage in 1934 to approximately 25 million acres was announced today by Secretary Wallace and Administrators George Peek and Charles J. Brand of the Agricultural Adjustment Administration.

Organization of cotton farmers into county associations to carry out the program will begin in October, they announced.

At the same time, the farm administrators stated that the possibility of exporting a large volume of cotton was being thoroughly explored and additional plans are under consideration for improving the price basis of the present crop of cotton and cottonseed. Administrator Peek has designated Oscar Johnston, director of finance, to make a special study into this phase of the administration's attack on the existing surplus of cotton.

The general principles of a production control program for the 1934 cotton crop which may be extended into the 1935 season have been agreed upon following a series of meetings in the South on September 5, and subsequent conferences with growers and others interested in the price and production of cotton.

Administrator Peek together with Chester C. Davis, director of production, Mr. Johnston, and other officials of the Adjustment Administration have completed conferences with a committee representing nine cotton growing states and headed

by Senator John H. Bankhead, of Alabama, This committee endorsed the administration's production control program for 1934 and recommended its immediate announcement. Accordingly, the Adjustment Administration is preparing to submit the program to the producers as soon as necessary preliminary work is completed. The cotton section of the production division, under the direction of Cully A. Cobb has been engaged in activities preparatory to putting the program into operation.

The plan that has been adopted calls for the organization of county allotment associations in which participating producers will be compensated by acreage rentals and benefit payments for the land to be left out of production. The details of the distribution of these benefits are now being worked out.

In announcing the program at a press conference today, Administrator Peek made the following statement:

"A plan to limit the planting of cotton in 1934 to 25 million acres has been devised. We are announcing the plan now in order to give ample time for the organization of the cotton producers of the South into county associations for the purpose of carrying out this program.

"I wish to make it clear that the plan represents the consideration of numerous suggestions made by representative leaders of the South. The program has been adopted after a careful study of various methods of control that could be utilized in accomplishing the objective of further reducing excessive supplies of cotton.

"I wish to emphasize further that while the 1934 program is based upon the planting of approximately 25 million acres in cotton next year, it is aimed

at a reduction in the baleage or the net production of next year's crop. The plan will be so administered that the contemplated reduction in acreage will result in a substantial decrease in the gross production and thus continue the efforts to reduce the excessive surplus of American cotton.

"The 1933 cotton program is just being concluded with the distribution of checks to the participating producers. The results of this program are measured largely by the prevention of a disaster. Leaders of the Cotton Belt are unanimous in the opinion that had it not been for the cotton adjustment program this summer, utter chaos would have resulted in the South this fall. Harvesting a potential crop of 16,500,000 bales this fall and piling it upon a carry-over of 11,600,000 bales would no doubt have resulted in the lowest cotton prices in history. So, while we may get a certain degree of satisfaction out of what was accomplished through this summer's program, we recognize it as but a first step. The 1933 cotton program was not and should not be considered as an isolated piece of work. Adjustment will continue.

"I wish to acknowledge the numerous appeals from the South for immediate action upon a plan to do something to improve the current prices of cotton and cottonseed. We are aware that the situation is critical. Cotton is moving to the market in volume. Producers are faced with the prospect of selling their crop at prices that are too low. We are proceeding as rapidly as possible in the exercise of all the powers granted to us under the Agricultural Adjustment Act to apply available remedies. The principal cause of low cotton prices is the excessive supply. This program for 1934 is the second step to further reduce those supplies.

"We have other plans that should contribute further to that objective. Through the cooperation of other agencies of the government, we are hopeful of

the development of plans that will remove some of the existing surplus of cotton and cottonseed in such a way as not to disturb the normal commerce in these products. The exportation of lard, for example, should have a wholesome effect on the price of cottonseed. The announcement yesterday of the distribution of certain commodities through relief agencies is another phase of our attack upon the surplus problem.

"As to the plan for 1934, there is no doubt that cotton producers will participate. Prices are still substantially short of the ultimate parity goal. The necessity for a renewed practical effort to adjust production and increase returns for the crop is clear. We believe there is a unanimity of sentiment that adjustment must continue. The meetings in the South and subsequent conferences here in Washington, while developing some differences of opinion as to the method of control that should be applied, definitely went on record for the continuation of the efforts of the Agricultural Adjustment Administration to adjust the production of cotton to the point where producers may receive a decent return for their product."

It was further announced by the Agricultural Adjustment Administration that the distribution of checks to producers in the 1933 cotton adjustment campaign is under way at an increased rate. A total of 221,131 checks have been distributed throughout the Cotton Belt. These checks total \$27,275,638.29. A total of 26,148 checks were sent out Thursday and the unit disbursing them is expected to reach a maximum production of 40,000 per day next week. At the present rate nearly \$3,000,000 is being sent into the cotton States each day and this figure will reach \$5,000,000 next week.

The approximate total cash being distributed is \$111,799,333 and will be disbursed to the cotton states as follows:

Alabama, \$9,533,802; Arizona, \$264,275; Arkansas, \$10,424,850; California, \$170,998; Florida, \$359,924; Georgia, \$7,898,287; Kansas, \$3,181; Kentucky, \$34,125; Louisiana, \$4,923,546; Mississippi, \$10,347,678; Missouri, \$1,827,895; New Mexico, \$344,362; North Carolina, \$2,176,570; Oklahoma, \$10,941,956; South Carolina, \$4,757,203; Tennessee, \$3,256,305; Texas, \$44,366,439; and Virginia, \$140,937.

A digest of the 1934 cotton program follows:

- (1) Provide for the establishment of county cotton production control associations.
- (2) Determine the amount of acreage to be planted to cotton in 1934. That amount should be approximately 25 million acres, approximately 60 percent of the five-year average. The Secretary of Agriculture shall have the right to increase the acreage which may be planted if circumstances appear to justify such action. That determination shall be proclaimed on or before January 1, 1934.

Allocate the acreage to be planted amongst cotton producing States on the basis of a ratable proportion of the five-year average, 1928-1932 inclusive. Further allocate to each county the ratable portion of the State's five-year average. The county association shall allocate to each farm its portion of the acreage to be planted by the operator on basis of five-year average. If land has not been planted to cotton continuously, adjacent or land similar character shall be used to determine basis for rental payment and allotment purposes.

- (3) Compensate producer in part by paying cash rental and/or benefit payments for acreage left out of cotton production. No rental and/or benefit payments shall be paid producers in advance of actual planting. The amount of cash rental or the amount of benefit payments shall be determined by the county association subject to the approval of the cotton section of the Agricultural Adjustment Administration and shall be based upon a schedule which is now being worked out.

The per acre production shall be determined by the county association based on the preceding five-year average production of the land in question or lands of like character where not planted to cotton continuously.

- (4) The producer, through the county association, shall enter into contract with the Secretary of Agriculture agreeing to rent land proposed to be left out of cotton production. It shall be made clear that the Secretary of Agriculture may prescribe uses for acreage rented and limit or restrict crops to be produced thereon.

- (5) Each producer shall file written application for membership in county association and an offer to enter into an acreage restriction contract. When such membership shall have been granted and offer accepted, producer will have

agreed to abide by rules and regulations promulgated. Memberships shall be granted for period of two years, 1934 and 1935, the member agreeing to comply with any requirements made by the Secretary of Agriculture with reference to acreage reduction and/or crop production for each year. Regulations for 1935 shall not require the producer to restrict acreage in excess of 25 percent of the five-year average planted to cotton as set forth in his application. Compensation for 1935 shall be on same basis as 1934.

(6) The average annual domestic consumption of cotton for the five-year period ending July 31, 1933, was approximately 5,565,000 bales. Allocate the average to the counties of each State in proportion to five-year average production of each county. County allotment committees shall allocate to individual producers retable protion of county's allocation, such allotment being based on individual's five-year average per acre production. On the allotted baleage, the Secretary of Agriculture shall agree that producer will receive payment tending to give him parity price plus his retable proportion of any surplus of funds available for benefit payments resulting from failure of some producers to cooperate. In the event Secretary of Agriculture must pay producer a sum representing the difference between average farm price and parity price, rental payments shall be deducted from such sums.

